Agriculture and Agri-Food Canada

2013–14

Report on Plans and Priorities

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Minister's Message

The agriculture and agri-food industry drives jobs and economic growth, and has helped put Canada on the map as a major trading nation. It employs one in eight Canadians and contributes more than eight per cent of our Gross Domestic Product.

Sustaining a strong and viable industry relies on opening and expanding agricultural markets around the world, giving industry the legislative tools and regulatory framework it needs to compete in the 21st century, and delivering proactive investments to help farmers and food processors meet consumers' demands for safe, innovative, high-quality food.

Canada's new agricultural policy framework, *Growing Forward 2*, will help deliver this transformative change for the industry. By shifting the focus from reactive to more proactive investments in innovation, competitiveness and market development, *Growing Forward 2* will give Canada's food producers and processors the tools they need to compete at home and abroad. A new suite of programs in innovation, competitiveness and markets, backed by federal, provincial and territorial investments of $3 billion, will help the sector achieve its full potential as a productive and profitable part of Canada's economy. Governments will continue to provide ongoing support for a complete and effective suite of Business Risk Management programs to help farmers affected by severe market volatility and unforeseen disasters.

Likewise, we are modernizing Canada's grain industry through changes to the *Canada Grain Act* and by implementing marketing freedom for grain farmers, which has helped drive the economy across Western Canada. Working closely with our colleagues across government, we have also played a lead role in proposing changes that respond to industry needs for a more predictable, efficient and effective rail system for all shippers, including farmers.

On the international stage, our Government continues to open up new avenues for income across the entire sector by advancing free trade agreements, working to overcome trade restrictive measures and obstacles, while promoting science-based approaches to trade, and leading trade missions to our key and emerging agri-food markets around the world.

The future of our agriculture and food industry is bright, with a growing global population demanding the quality, innovation and safety our farmers and food processors can deliver.

Working with the entire portfolio, and supported by science, business skills and strategic investments, we have a tremendous opportunity to rethink and reshape Canadian agriculture. The goal is to deliver more jobs for Canadians, a stronger farm gate, and stable, long-term growth for the Canadian economy. I can't imagine a more rewarding challenge.

Honourable Gerry Ritz, P.C., M.P.,
Minister of Agriculture and Agri-Food

Section I: Organizational Overview

Raison d'être

The Department of Agriculture and Agri-Food Canada (AAFC) was created in 1868 – one year after Confederation – because of the importance of agriculture to the economic, social and cultural development of Canada. Today, the Department helps ensure the agriculture, agri-food and agri-based products industries can compete in domestic and international markets, deriving economic returns to the sector and the Canadian economy as a whole. Through its work, the Department strives to help the sector maximize its long-term profitability and competitiveness, while respecting the environment and ensuring the safety and security of Canada's food supply.

Our Vision

Driving innovation and ingenuity to build a world leading agricultural and food economy for the benefit of all Canadians.

Our Mission

AAFC provides leadership in the growth and development of a competitive, innovative and sustainable Canadian agriculture and agri-food sector.

Responsibilities

AAFC provides information, research and technology, and policies and programs to help Canada's agriculture, agri-food and agri-based products sector compete in markets at home and abroad, manage risk and embrace innovation. The activities of the Department extend from the farmer to the consumer, from the farm to global markets, through all phases of sustainably producing, processing and marketing of agriculture and agri-food products. In this regard, and in recognition that agriculture is a shared jurisdiction, AAFC works closely with provincial and territorial governments.

AAFC's mandate is based upon the *Department of Agriculture and Agri-Food Act*. The Minister is also responsible for the administration of several other Acts (www.agr.gc.ca/acts), such as the *Canadian Agricultural Loans Act*.

The Department is responsible for ensuring collaboration among the organizations within the Agriculture and Agri-Food Portfolio; this means coherent policy and program development and effective cooperation in meeting challenges on cross-portfolio issues. The portfolio organizations (www.agr.gc.ca/portfolio) consist of: the Canadian Dairy Commission; Canadian Food Inspection Agency; the Canadian Grain Commission; Farm Credit Canada; Canada Agricultural Review Tribunal; and the Farm Products Council of Canada. AAFC also includes the Canadian Pari-Mutuel Agency, a special operating agency that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada.

Strategic Outcomes and Program Alignment Architecture (PAA)

SO 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

Program 1.1: Environmental Knowledge, Technology, Information and Measurement

- Sub-program 1.1.1: Agri-Environmental Science
- Sub-program 1.1.2: Agri-Environmental Applications and Measurement

Program 1.2: On-Farm Action

- Sub-program 1.2.1: Technical Information Transfer
- Sub-program 1.2.2: AgriFlexibility – Environmental Action
- Sub-program 1.2.3: Cost-shared Environmental Risk Assessment and Implementation

SO 2: A competitive and market-oriented agriculture, agri-food and agri-based products sector that proactively manages risk

Program 2.1: Business Risk Management

- Sub-program 2.1.1: AgriStability
- Sub-program 2.1.2: AgriInvest
- Sub-program 2.1.3: AgriRecovery
- Sub-program 2.1.4: AgriInsurance
- Sub-program 2.1.5: *Canadian Agricultural Loans Act*
- Sub-program 2.1.6: *Agricultural Marketing Programs Act*
- Sub-program 2.1.7: Hog Industry Loan Loss Reserve
- Sub-program 2.1.8: Hog Farm Transition

Program 2.2: Food Safety and Biosecurity Risk Management Systems

- Sub-program 2.2.1: Assurance Systems
- Sub-program 2.2.2: Science Supporting a Competitive Sector
- Sub-program 2.2.3: AgriFlexibility – Protection of the Food Supply
- Sub-program 2.2.4: AgriFlexibility – Livestock Auction Traceability
- Sub-program 2.2.5: Cost-shared Assurance Programming

Program 2.3: Trade and Market Development

- Sub-program 2.3.1: Trade Negotiations and Market Access
- Sub-program 2.3.2: Market Growth
- Sub-program 2.3.3: Sector Competitiveness
- Sub-program 2.3.4: AgriFlexibility – Increased Market Demand
- Sub-program 2.3.5: AgriFlexibility – Canada Brand Advocacy
- Sub-program 2.3.6: Cost-shared Trade and Market Development

Program 2.4: Regulatory Efficiency Facilitation

- Sub-program 2.4.1: Pest Management Pesticides Minor Use Program
- Sub-program 2.4.2: Pest Management Pesticides Risk Reduction Program
- Sub-program 2.4.3: Facilitating Industry Adaptation to Regulatory Modernization

Program 2.5: Farm Products Council of Canada

SO 3: An innovative agriculture, agri-food and agri-based products sector
Program 3.1: Science, Innovation and Adoption • Sub-program 3.1.1: Science Supporting Agricultural Innovation • Sub-program 3.1.2: Canadian Agricultural Adaptation • Sub-program 3.1.3: AgriFlexibility – Science Addressing Market Opportunities and Challenges • Sub-program 3.1.4: AgriFlexibility – Agri-Based Processing • Sub-program 3.1.5: Research Accelerating Innovation • Sub-program 3.1.6: Research, Development and Knowledge Transfer • Sub-program 3.1.7: Enabling Commercialization and Adoption • Sub-program 3.1.8: Cost-shared Innovation **Program 3.2: Agri-Business Development** • Sub-program 3.2.1: Farm Debt Mediation Service • Sub-program 3.2.2: AgriFlexibility – Profitability Improvement • Sub-program 3.2.3: Churchill Port Utilisation Program • Sub-program 3.2.4: AgriCompetitiveness • Sub-program 3.2.5: Cost-shared Adaptability and Industry Capacity **Program 3.3: Rural and Co-operatives Development** • Sub-program 3.3.1: Rural Development • Sub-program 3.3.2: Co-operatives Development **Program 3.4: Canadian Pari-Mutuel Agency**
Program 4.1: Internal Services

Organizational Priorities

In recent years, agriculture and agri-food has proven to be a sector with consistent economic growth. With few exceptions, the sector has remained relatively unaffected by the recent recession. The net worth of Canadian farm households, up 30% over the past five years, is now much higher than the Canadian average. Price levels in many areas are strong and are expected to remain above historic levels over the next decade. With increasing demand for agriculture and agri-food products in developing markets, positive trends for the sector are expected to continue, providing an opportunity for further transformation to better secure the sector's economic potential for the long term.

Growing Forward 2 (GF2), the new agricultural and agri-food policy framework, represents the next phase of a longstanding, successful and collaborative relationship between governments and industry. Taking effect as of April 1, 2013, GF2 will help the industry to become even more market-responsive, able to anticipate and adapt to changing circumstances, while contributing to the well-being of Canadians. In short, investments in innovation, competitiveness and market development initiatives are central to the framework to help producers meet the rising global demands for food and agri-based products.

The shared challenge with industry will be to ensure that Canadian farmers and food processors have the tools they need to drive new economic growth and to compete. Governments are planning to work with industry to help position the sector as a strong player in global trade, while continuing to address issues affecting competitiveness.

Canada is one of the world's largest exporters of agriculture and agri-food products. As free trade agreements are negotiated and new opportunities present themselves to Canadian businesses, trade will be an essential component of growth in agriculture in coming years. More exports mean more jobs for Canadians, more money for farmers, and long-term growth for the economy. The Government will continue to open up new avenues for income by advancing free trade agreements, working to overcome trade restrictive measures and obstacles, promoting science-based approaches to trade, and leading trade missions with industry to key agri-food markets around the world.

In addition, research, development and innovation will continue to drive the competitiveness of the sector and profitability for producers and processors. Increased focus will be placed on knowledge creation and transfer, partnerships with industry, and private sector investment in Canadian research and development. Further, farmers and food processors need a legislative framework that fosters innovation and growth in the sector, while keeping safety as the overriding priority. The Government plans to modernize the legislative tools currently in place and reform the regulatory framework to strengthen the sector's capacity to remain competitive. The successful removal of the Canadian Wheat Board (CWB) monopoly will continue to offer new opportunities and, to capitalize on this success, a comprehensive Canadian crops strategy will be developed. This strategy will include overseeing the CWB's transition to a private company and promoting efforts to move grain to market in the most efficient ways possible, and continuing to work with the Canadian Grain Commission to modernize the *Canada Grain Act* and related regulations.

Moreover, AAFC will continue to review all of its operations and programs to identify efficiencies, and provide greater consistency by aligning programs and services to meet priorities. At this time of great opportunity for the sector, these priorities, and the Department's continued efforts to carry out business more effectively and efficiently, will complement the Government's trade expansion agenda to leverage the sector's potential, enhance the focus on innovation, improve coordination among all players in the sector, and create the right conditions for farmers and food manufacturers to adapt and compete in the 21st century.

Priority	Type	Strategic Outcomes
Implement GF2 bilateral agreements and implement federal activities	New	SO 1 – An environmentally sustainable sector SO 2 – A competitive and market-oriented sector that proactively manages risk SO 3 – An innovative sector

Description

Why is this a priority?

- GF2 is a five-year policy framework (2013–18), agreed upon by the federal, provincial and territorial (FPT) governments, that sets out national objectives and policy directions for programs to support the agricultural sector. Implementing the federal program activities and those under bilateral agreements with the provinces and territories, negotiated in 2012–13, is critical to advancing a profitable, competitive, innovative, and sustainable agriculture, agri-food and agri-products industry. GF2's suite of Business Risk Management (BRM) programs will enable governments to provide farmers with tools to help manage severe market volatility and natural disaster situations.

Plans for meeting the priority

- AAFC will focus on implementing and delivering the three harmonized, federal-only GF2 programs – AgriInnovation, AgriCompetitiveness and AgriMarketing – that take effect April 1, 2013. Under AgriInnovation, AAFC will focus on investments to expand sectoral capacity to develop and commercialize new products and technologies. Under AgriCompetitiveness, targeted investments will help strengthen the industry's capacity to adapt and be profitable in domestic and global markets. The new harmonized AgriMarketing program will help industry improve capacity to adopt assurance systems, such as food safety and traceability, and to meet consumer and market demands, while supporting industry in maintaining and seizing new markets through their branding and promotional activities.
- AAFC will provide support to develop and implement GF2 cost-shared programs that will be delivered by the provincial and territorial governments.
- The Government of Canada, together with its provincial and territorial partners, will deliver the revised GF2 suite of BRM programs.

Priority	Type	Strategic Outcome and Program
Support the agriculture, agri-food and agri-based product sector, to be a domestic and globally competitive player	Ongoing	SO 2 – A competitive and market-oriented sector that proactively manages risk Program 2.3 Trade and Market Development

Description

Why is this a priority?

- Increasing the competitiveness of the sector, both internationally and domestically, results in increased international and domestic market share that translates into strong employment opportunities for Canadians in the agriculture and agri-food industry.

Plans for meeting the priority

- AAFC, in collaboration with the Canadian Food Inspection Agency and Foreign Affairs and International Trade Canada, and in consultation with industry, provinces and territories, will continue to help resolve or advance Canadian trade issues and maintain, expand and re-open markets to Canadian commodities and products.
- An expanded Agriculture and Food Trade Commissioner Service will continue to assist Canadian companies with technical and marketing support to establish or expand markets for Canadian agri-food and seafood products. It will also work on market access issues, manage the overall bilateral relationship on agriculture, and promote Canada as a partner in economic development.
- AAFC's *Canada Brand Strategy* will continue to help Canada's food and agriculture sector compete in domestic and global markets by differentiating Canadian products from those of competitors using tools and promotional events to build awareness of the advantages and range of Canadian products to influence customers.
- AAFC will continue to focus its efforts on removing regulatory obstacles to innovation and promoting regulatory co-operation and modernization.
- Through the Value Chain Roundtables and other fora, AAFC will continue to work with industry to identify and implement strategic industry and government actions to improve the competitiveness of the Canadian value chain.
- The Department will lead on the agricultural component of the bilateral free trade negotiations with, most notably, Japan, the Trans-Pacific Partnership Agreement and other priority markets, and will continue to engage at the World Trade Organization, all to advance Canada's agricultural interests.
- AAFC will continue to lead in developing an international approach as well as a domestic policy for the management of low-level presence of genetically modified crops (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1352157082711&lang=eng).

Priority	Type	Strategic Outcomes and Program
Support activities that advance knowledge creation and transfer, improve products, processes or practices and increase their adoption and commercialization to add value to farms, firms or the sector and support sustainable development	Ongoing	SO 1 – An environmentally sustainable sector SO 2 – A competitive and market-oriented sector that proactively manages risk SO 3 – An innovative sector Activities related to knowledge creation and transfer contribute to achieving AAFC's three Strategic Outcomes, whereas adoption and commercialization contribute mostly to Program 3.1 Science, Innovation and Adoption

Description

Why is this a priority?

- Knowledge creation and transfer are key to an innovative sector, opening avenues for new products or processes, helping the sector seize opportunities in diversified domestic and global markets, and enhancing economic growth in rural communities.

Plans for meeting the priority

- A clearly articulated, long-term direction for its science will support a competitive and innovative agriculture, agri-food and agri-based products sector. It will guide AAFC-led research and innovation programs and departmental support to industry-led research. It will support industry's adoption or commercialization of new processes, products and technologies, while helping ensure that sustainable development objectives are taken into full consideration.
- AAFC will continue to support a modern, science-based, regulatory environment that is transparent, timely and predictable.

Priority	Type	Strategic Outcomes
Continue transformation of programs, services and operations in a period of restraint and renew the workforce to meet the challenges of the future	Ongoing	SO 1 – An environmentally sustainable sector SO 2 – A competitive and market-oriented sector that proactively manages risk SO 3 – An innovative sector

Description

Why is this a priority?

- In support of the Government's direction under the Policy on Transfer Payments to reduce administrative burden, AAFC will continue to improve delivery of AAFC's Grants and Contributions (G&C) programs to Canadians. Ongoing transformation of programs, services and operations will respond to the fiscal and human resources restraints under which GF2 will be delivered.
- In an environment of fiscal responsibility and transformation, AAFC will focus on workforce planning, transformation and renewal to ensure the Department has the skilled and engaged workforce necessary to achieve desired results.

Plans for meeting the priority

For GF2, AAFC will improve services and streamline management by:

- simplifying non-BRM G&C programs, increasing program accessibility, reducing delivery and administrative burden, and providing consistent performance and financial reporting;
- reducing turnaround time and paper burden for clients;
- using consistent, easy-to-complete forms across programs, resulting in increased efficiency and accuracy; and
- providing applicants and recipients with consistent guides across programs to make it easier to apply, administer and report for government contribution projects.

The emphasis on efficiency and rationalization of programs and services highlights the importance of ensuring that employees are engaged and committed to their work, have the right skills and competencies to achieve objectives, and can operate in a respectful and ethical workplace. To address this, AAFC will continue to:

- implement talent management and leadership development initiatives;
- act on the Public Service Employee Survey Action Plan;
- support employees in transition through training and counseling; and
- engage employees and managers in discussing AAFC's new *Values and Ethics Code*.

Risk Analysis

Despite facing challenges both at home and in international markets from rising input costs, an appreciated dollar, and sluggish economic growth in key export markets, Canada's agriculture and agri-food sector remains competitive and a key driver of the Canadian economy. With thousands of highly skilled entrepreneurs and risk-takers, the sector has proven itself resilient and capable of restructuring and adapting to the challenges and opportunities it faces. Despite challenges in the years ahead, prospects for the future are positive, as prices for many commodities remain high and new markets are opening. The industry is adopting new technologies, embracing innovative management and production practices, and responding to opportunities from rising consumer demands, both at home and abroad.

The Canadian agriculture and agri-food system will continue to play an important role in national and provincial economies, making a significant contribution to Canadian Gross Domestic Product (GDP). The sector was valued at $101.1 billion in 2011, representing 8% of the GDP. That translates into one in eight jobs, with the agriculture and agri-food sector directly employing more than two million people.

The outlook shows that world prices for many agricultural commodities will remain high for the foreseeable future. However, mixed signals from many markets continue to temper growth expectations, particularly in the European Union where the sovereign debt crisis and fiscal austerity are dampening prospects for economic growth. While the U.S. economy has strengthened recently, uncertainty over future fiscal policy adds to the risks associated with future economic prospects.

In this context, export opportunities are still critical for the growth of the Canadian agriculture and agri-food sector. As a result, the Government of Canada is undertaking an ambitious trade expansion plan, that includes negotiating free trade agreements with key markets and deepening and strengthening Canada's trading relationships through trade missions and agricultural cooperation.

Looking ahead, demand for food is rising globally due to population growth and rising incomes in emerging economies. As a result of these factors, demand may outpace growth in food supply. Add to this the uncertainty arising from potential weather events, and there are further risks of upward price pressure. The competitiveness of Canada's sector, however, depends on its ability to remain profitable and resilient over the long term in relation to its competitors in relevant markets.

Changing consumer and societal demands continue to influence prospects for the sector, motivating both industry and governments to respond with high-quality food products that can be delivered to consumers around the world. Food safety is an important concern for Canadian consumers; the recent passage of the *Safe Food for Canadians Act (S-11)* and amendments to the *Food and Drug Act* are positive steps in helping assure Canadians and world customers that the Canadian food regulatory system is strong. In addition to more variety and convenience, and environmentally friendly and healthier food choices, consumers are demanding food that

addresses their values, such as organic products, accompanied by proper assurances of safety and quality at reasonable prices. Retailers and processors are responding by differentiating their products using private standards and assurances of food safety, quality and sustainability. Overall, consumers are becoming more sensitized to food related issues. For example, production systems are increasingly scrutinized under an animal welfare lense. Food processors and retailers are highly responsive to consumer concerns in these areas. Producers will have to adapt to meet consumer demands, in this regard.

Given generally positive trends, the policy focus today has shifted towards initiatives that can help the sector adapt, maintain and expand its productive capacity. The objectives are to foster a more innovative, competitive and profitable sector that will lead to jobs and growth for Canadians over the long term. Innovation, including knowledge creation, transfer and adoption, remains important and is leading to new technological developments that are transforming the sector and contributing to productivity growth. Combined with a positive regulatory and business environment, new collaborative arrangements and partnerships, and investments in infrastructure and human capital will ensure that the sector is able to position itself well for the future.

GF2, the framework that will set the stage for the future direction of Canada's agricultural policies, is important to the continued growth of the sector. To be implemented in April of 2013, GF2 will help agriculture stakeholders capitalize on emerging opportunities and leading-edge scientific advances that will promote innovation, market access, competitiveness, adaptability and sustainability.

As part of the transformation, AAFC continues to deliver its policies and programs under a sustained environment of frugality and restraint, like all government departments. AAFC continues to play its part to review all of its operations and programming to identify efficiencies and realign to these new fiscal realities.

Risk and opportunity management is integrated into decision making, planning and culture at all working levels at AAFC. The Department systematically identifies, assesses, monitors, and responds to risks and opportunities. Its 2013–14 Corporate Risk Profile presents six corporate risks and one corporate opportunity that could affect, or in the case of the opportunity, enhance the Department's ability to deliver results against its priorities. The risks and opportunity identified are presented in order of priority from highest to lowest.

2013–14 Corporate Risks and Opportunities:	Key Response Strategies Include:
Workforce Risk: AAFC may not have the skilled and engaged workforce necessary to achieve desired results.	Leadership and management through an integrated business and human resources plan. Ongoing implementation of employee development and knowledge transfer initiatives (i.e., Executive feeder group talent management, Management and Leadership Development Program, National Mentoring Program, succession planning, etc.).

2013–14 Corporate Risks and Opportunities:	Key Response Strategies Include:
Infrastructure Risk: AAFC's aging infrastructure may hinder the Department's ability to maintain its infrastructure and assets at an adequate level to ensure the delivery of core services and programs, while having the ability to adequately invest in new/ updated infrastructure to support new departmental initiatives.	Continued oversight of the Department's infrastructure through its Investment Plan to support ongoing operations and priorities. Ongoing rejuvenation of a dam safety management system.
Information Management and Technology (IM/IT) Risk: The increasing complexity of both the information management and technology service delivery environments may impact AAFC's program and service delivery capacity and security posture.	Enhanced IM/IT governance supported by an ongoing communications program. Continued implementation of modern tools for internal and external collaboration. Implementation of formal Information Technology Security risk management practices with special focus on managing classified information. Strengthened partnership arrangements for efficient service delivery.
Trade Opportunity: There is an opportunity to strengthen existing trade relationships and, in support of Canada's trade agenda, advance agriculture issues within the free trade negotiations under way in order to fulfil the Government's broader economic objectives.	Continued implementation and monitoring of market access activities. Collaboration with provincial and territorial governments and with industry to share market intelligence and discuss trade-related issues in order to re-open, maintain, and expand markets for Canadian agricultural products.
Catastrophic Crisis Risk: AAFC may not have sufficient capacity to respond to catastrophic crises, including those related to natural and accidental hazards (e.g., health, climatic events, etc.) which may affect the achievement of objectives and/or potentially present severe consequences to the agriculture, agri-based and agri-food sector and/or to Canadians at large.	Continued input, as required, into: Emergency Management and Governance Procedures; Industry Emergency Preparedness Activities (e.g. flood); Preparation for Animal Disease Outbreaks (i.e., Livestock Market Interruption Strategy); and Emergency Preparedness Activities in support of the agriculture and agri-food sector.
Physical Collections Risk: AAFC's national collections of biological materials may be damaged or destroyed, impairing specific AAFC research, having adverse trade implications, and/or impacting our international obligations.	Protection of AAFC's physical national collections of biological materials from loss or damage. Plans include security measures, prioritization and digitization of specimens, seed storage, and germplasm conservation.
Program Implementation Risk: GF2 cost-shared program implementation may be delayed, impacting program availability to the sector.	Work with provinces and territories to ratify GF2 bilateral implementation agreements in a timely fashion.

Planning Summary

AAFC will achieve annual savings of $253.2 million by fiscal year 2014–15 by realigning its business in the following ways:

- Advancing its service excellence agenda, by consolidating all programs into a single programs branch.
- Establishing a new science and technology branch by putting together research, science and environmental efforts, to better facilitate innovation, technology transfer and adoption.
- Achieving greater policy integration across the Department to improve advice and analysis.
- Aligning programs and services to meet priorities.
- Increasing shared services across the agriculture portfolio by consolidating some corporate services with the Canadian Food Inspection Agency.
- Continuing to look at ways with provincial and territorial partners to improve farm income programming.

This approach builds on steps already taken by AAFC to achieve a smaller departmental footprint. It will position AAFC to meet its future goals and priorities while contributing to the Government's return to a balanced budget. Branch consolidation has begun to better organize work to enable more effective and efficient program and service delivery.

Additionally, on September 14, 2012, FPT Ministers of Agriculture reached agreement on the five-year GF2 policy framework. A new suite of statutory, federal and increased investment in cost-shared programs will come into effect on April 1, 2013, to stimulate innovation, competitiveness and market development and help farmers more proactively manage business risks.

Financial Resources ($ millions – net)

The following table provides a summary of total budgetary expenditures for 2013–14 and total planned spending for AAFC over the next three fiscal years. For an explanation of the annual variation in spending, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection. Planned spending for 2013–14 is approximately $258.9 million higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives as well as support for statutory BRM programs, which were not finalized in time for inclusion in the 2013–14 Main Estimates.

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14[1]	Planned Spending 2014–15[1]	Planned Spending 2015–16[1]
2,191.6	2,450.5	2,282.8	2,278.6

Human Resources (Full-Time Equivalents—FTEs)[2]

The following table provides a summary of the total planned human resources for AAFC over the next three fiscal years.

2013–14	2014–15	2015–16
5,721	5,439	5,425

Planning Summary Tables

The following tables present: performance indicators and targets for each of AAFC's three strategic outcomes; actual spending for 2010–11 and 2011–12; forecast spending for 2012–13 and planned spending for the next three fiscal years, by program, in support of each strategic outcome; and total departmental spending for all programs, actual for 2010–11 and 2011–12, forecast for 2012–13 and planned for the next three fiscal years.

($ millions – net)

Strategic Outcome 1	Program	Actual Spending 2010–11[3]	Actual Spending 2011–12[3]	Forecast Spending 2012–13[4]	Planned Spending[1]			Alignment to Government of Canada Outcomes
					2013–14	2014–15	2015–16	
An environmentally sustainable agriculture, agri-food and agri-based products sector	1.1 Environmental Knowledge, Technology, Information and Measurement	89.8	87.4	60.3	34.9	24.5	24.5	A Clean and Healthy Environment (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
	1.2 On-Farm Action	89.7	107.0	133.0	54.4	39.5	39.5	
Sub-Total		**179.6**	**194.4**	**193.2**	**89.3**	**64.0**	**64.0**	

($ millions – net)

Strategic Outcome 2	Program	Actual Spending 2010–11[3]	Actual Spending 2011–12[3]	Forecast Spending 2012–13[4]	Planned Spending[1]			Alignment to Government of Canada Outcomes
					2013–14	2014–15	2015–16	
A competitive and market-oriented agriculture, agri-food and agri-based products sector that proactively manages risk	2.1 Business Risk Management	1,452.5	1,412.0	1,446.4	1,331.5	1,330.4	1,334.4	Strong Economic Growth (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
	2.2 Food Safety and Biosecurity Risk Management Systems	95.2	87.6	113.3	90.1	78.0	77.9	
	2.3 Trade and Market Development	93.4	98.0	299.2	181.1	140.1	131.7	
	2.4 Regulatory Efficiency Facilitation	12.1	12.6	26.9	16.9	16.6	16.6	
	2.5 Farm Products Council of Canada	2.8	3.1	2.9	2.7	2.5	2.5	
Sub-Total		**1,656.1**	**1,613.3**	**1,888.7**	**1,622.3**	**1,567.5**	**1,563.1**	

($ millions – net)

Strategic Outcome 3	Program	Actual Spending 2010–11[3]	Actual Spending 2011–12[3]	Forecast Spending 2012–13[4]	Planned Spending[1]			Alignment to Government of Canada Outcomes
					2013–14	2014–15	2015–16	
An innovative agriculture, agri-food and agri-based products sector	3.1 Science, Innovation and Adoption	360.3	266.0	358.2	325.8	272.5	272.5	An Innovative and Knowledge-Based Economy (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
	3.2 Agri-Business Development	104.3	116.3	56.8	117.3	114.6	114.6	
	3.3 Rural and Co-operatives Development	21.1	20.3	18.9	4.1	2.3	2.3	
	3.4 Canadian Pari-Mutuel Agency	1.0	(0.3)	(0.0)	(0.4)	(0.1)	0.1	A Fair and Secure Marketplace (http://www.tbs-sct.gc.ca/ppg-cpr/descript-eng.aspx#bm01)
Sub-Total		**486.7**	**402.3**	**433.8**	**446.8**	**389.3**	**389.4**	

Internal Services

The Internal Services program supports all three strategic outcomes.

($ millions – net)

Program	Actual Spending 2010–11[3]	Actual Spending 2011–12[3]	Forecast Spending 2012–13[4]	Planned Spending[1]		
				2013–14	2014–15	2015–16
Internal Services	352.5	347.7	336.9	292.1	262.0	262.1
Sub–Total	**352.5**	**347.7**	**336.9**	**292.1**	**262.0**	**262.1**

Total Departmental Spending ($ millions – net)

Strategic Outcomes Programs, and Internal Services	Actual Spending 2010–11[3]	Actual Spending 2011–12[3]	Forecast Spending 2012–13[4]	Planned Spending[1]		
				2013–14	2014–15	2015–16
Total	**2,674.8**	**2,557.7**	**2,852.7**	**2,450.5**	**2,282.8**	**2,278.6**

[1] Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Department's Annual Reference Level Update. It also includes amounts for programming for which approval was received by February 2013. Planned spending has not been adjusted to include new information contained in Budget 2013. More information will be provided in the 2013–14 Supplementary Estimates, as applicable.

[2] The FTEs do not include students or staff funded through respendable revenue sources. For example, in 2012–13, there were 24 FTEs employed by AAFC funded by respendable revenue sources from collaborative research projects with industry, and other activities not funded through AAFC appropriations. Also, 462 FTEs were employed as students.

[3] Actual spending represents the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts.

[4] Forecast spending reflects the authorized funding levels to the end of the fiscal year (not necessarily forecast expenditures).

For an explanation of the annual variation in planned spending displayed in the above tables, please refer to the discussion of the departmental spending trend in the Expenditure Profile subsection.

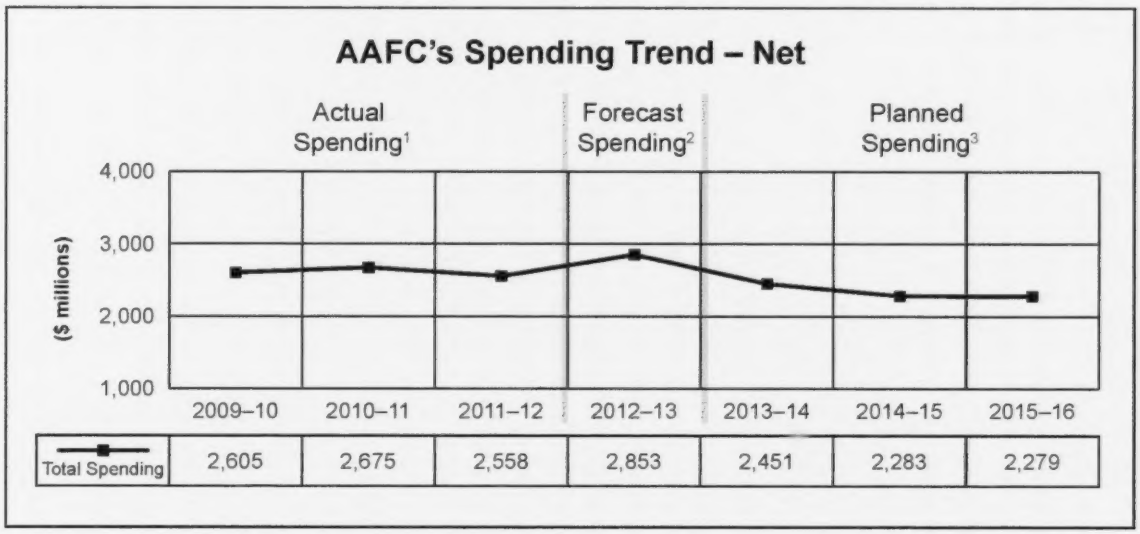
Due to rounding the figures may not add up to the totals shown, and figures that cannot be listed in millions of dollars are shown as 0.0.

Expenditure Profile

AAFC departmental spending varies from year to year in response to the circumstances in the agriculture, agri-food and agri-based products sector in any given period. Programming within AAFC is in direct response to industry and economic factors which necessitate support to this vital part of the economy. Much of AAFC's programming is statutory (i.e. for programs approved by Parliament through enabling legislation) and the associated payments fluctuate according to the demands and requirements of the sector.

Departmental Spending Trend

The figure below illustrates AAFC's spending trend from 2009–10 to 2015–16.



[1] Actual spending represents the actual expenditures incurred during the respective fiscal year, as reported in Public Accounts.

[2] Forecast spending reflects the authorized funding levels to the end of the fiscal year (not necessarily forecast expenditures).

[3] Planned spending reflects funds already brought into the Department's reference levels as well as amounts to be authorized through the Estimates process as presented in the Department's Annual Reference Level Update. It also includes amounts for programming for which approval was received by February 2013. Planned spending has not been adjusted to include new information contained in Budget 2013. More information will be provided in the 2013–14 Supplementary Estimates, as applicable.

Over the period 2009–10 to 2015–16, actual, forecast and planned spending varies from a high of $2.9 billion in 2012–13 to a low of $2.3 billion currently planned for 2015–16. This variability is the result of a number of factors outlined below. AAFC's programs and initiatives vary from year to year in response to changes affecting the agriculture, agri-food and agri-based products sector. For example, the requirement for BRM program funding over recent years has been lower than in the past primarily as a result of stronger commodity prices.

2009–10 included support under the Hog Farm Transition Program for an orderly transition of the pork sector in view of new market challenges by providing funding to successful bidders who agreed to empty barns and cease production for three years. Spending for 2010–11 reflects support under the Prairie Excess Moisture Initiative, which provided emergency assistance to producers affected by flooding conditions from the spring and summer of 2010. Both 2009–10 and 2010–11 included investments under Canada's Economic Action Plan to assist in the recovery from the global economic recession. 2011–12 included funding to provide disaster assistance to producers affected by excess moisture conditions in Alberta, Saskatchewan, Manitoba and Quebec in 2011.

The increase in forecast spending in 2012–13 is largely the result of the CWB Transition Costs program, which was announced in Budget 2012, to fund transition costs as the CWB became a voluntary grain marketing organization, giving Western Canadian farmers the freedom to market their own wheat and barley on the open market.

The decrease in planned spending in 2013–14 is largely attributable to reduced planned spending in the CWB Transition Costs program and programs that are currently scheduled to sunset in 2012–13 such as the EcoAgriculture Biofuels Capital Initiative, the former Agricultural Innovation program and the Specified Risk Material Innovation program. As well, the AgriFlexibility program will wind down in its final year in 2013–14.

The Department will also see a transformative shift in the delivery of BRM programming, moving away from reactive income support towards programming that facilitates market-based profitability and economic growth. This, in combination with higher commodity prices driven by increasing grain prices have resulted in an overall reduction of the forecast requirement for statutory grants and contributions under BRM programming in the planning years, particularly within the AgriStability program. BRM programming will continue to provide effective support that will ensure producers are protected against severe market volatility and disasters.

The decrease in planned spending in 2014–15 is mainly due to savings identified in the Budget 2012 Spending Review, the sunsetting of the Agricultural Flexibility Fund in 2013–14 and reduced planned spending in the CWB Transition Costs program.

Estimates by Vote

For information on AAFC's organizational appropriations, please see the *2013–14 Main Estimates* (http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp) publication.

Contribution to the *Federal Sustainable Development Strategy*

The *Federal Sustainable Development Strategy* (FSDS) outlines the Government of Canada's commitment to improving the transparency of environmental decision-making by articulating its key strategic environmental goals and targets. The Government will be consulting the public in 2013–14 regarding the second three-year cycle of the FSDS (2013-2016). The 2013-2016 FSDS will be finalized in 2013–14. It will be presented as part of year end performance reporting for 2013–14.

The Department ensures that consideration of these outcomes is an integral part of its decision-making processes. In particular, through the federal Strategic Environmental Assessment (SEA) process, any new policy, plan, or program initiative includes an analysis of its impact on attaining the FSDS goals and targets. The results of SEAs are made public when an initiative is announced, demonstrating the Department's commitment to achieving the FSDS goals and targets.

AAFC contributes to Themes I – Addressing Climate Change and Air Quality; II – Maintaining Water Quality and Availability; III – Protecting Nature; and IV – Shrinking the Environmental Footprint – Beginning with Government, as denoted by the visual identifiers below.

Theme I
Addressing Climate Change and Air Quality

Theme II
Maintaining Water Quality and Availability

Theme III
Protecting Nature

Theme IV
Shrinking the Environmental Footprint - Beginning with Government

These contributions are components of the following Programs and are further explained in Section II:

- Program 1.1: Environmental Knowledge, Technology, Information, and Measurement
- Program 1.2: On-Farm Action
- Program 3.1: Science, Innovation and Adoption
- Program 4.1: Internal Services

For additional details on AAFC's activities to support sustainable development, please see Section II of this RPP and visit AAFC Online (www.agr.gc.ca/sds).

For complete details on the FSDS, visit Environment Canada's website (http://www.ec.gc.ca/dd-sd/).

Section II: Analysis of Programs by Strategic Outcomes

Strategic Outcome

Strategic Outcome 1: An environmentally sustainable agriculture, agri-food and agri-based products sector

Agriculture and Agri-Food Canada supports an economically and environmentally sustainable agriculture, agri-food and agri-based products sector that ensures proper management of available natural resources and adaptability to changing environmental conditions. Addressing key environmental challenges in Canada including agriculture's impact on water quality and water use, adaptation to the impact of climate change, mitigation of agriculture's greenhouse gas emissions and the exploration of new economic opportunities contribute to a cleaner environment and healthier living conditions for the Canadian public, while enabling the sector to become more profitable.

Performance Indicators	Targets
Soil Quality Agri-Environmental Index*	81 by March 31, 2030
Water Quality Agri-Environmental Index*	81 by March 31, 2030
Air Quality Agri-Environmental Index*	81 by March 31, 2030
Biodiversity Quality Agri-Environmental Index*	81 by March 31, 2030

* These indices measure progress in each of four key agri-environmental areas: soil, water, air, and biodiversity. The scale for these indices is: 0-20 = Unacceptable; 21-40 = Poor; 41-60 = Average; 61-80 = Good; and 81-100 = Desired. A target of 81-100, with a stable or improving trend, represents the desired value for the sector's performance.

Programs

1.1 Environmental Knowledge, Technology, Information, and Measurement

1.2 On-Farm Action

Program Description

1.1 Environmental Knowledge, Technology, Information, and Measurement

AAFC is focused on supporting the sector through initiatives that enable it to use a more systematic management approach to making decisions with respect to environmental risks, and help identify suitable corrective actions. AAFC is conducting research to improve scientific understanding of agriculture's interactions with the environment on the key environmental challenges facing Canada and its regions; developing sustainable agricultural practices and validating environmental and economic performance at the farm and landscape levels; and developing, enhancing and using agri-environmental indicators, greenhouse gas accounting

systems and economic indicators to assess the sector's environmental and economic sustainability. This program provides the platform for innovation and discovery of technologies and strategies to improve the agri-environmental performance of the sector.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
34.9	34.9	24.5	24.5

There is a decrease in planned spending in 2014–15 largely as a result of savings identified in the Budget 2012 Spending Review such as administration and operational efficiencies as well as realigning and integrating environmental services.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
614	576	576

Program Expected Result	Performance Indicator	Target
Agriculture and agri-food sector makes decisions that incorporate sound environmental practices	Percentage of farms in Canada which have a formal Environmental Farm Plan (EFP) Baseline in 2006 = 27% of 220,000 farms	39% by March 31, 2018

Federal Sustainable Development Strategy (FSDS) Target Led by AAFC: Target 3.6: Fresh Water Quality

FSDS Goal	Performance Indicator	FSDS Target
Goal 3: Water Quality: Protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems	Water quality and soil quality agri-environmental performance indices (aggregates of 4 water quality and 6 soil quality indicators respectively)	Fresh Water Quality: Achieve a value between 81-100 on each of the Water Quality and Soil Quality Agri-Environmental Performance Indices by March 31, 2030

Note: In 2013–14 the Government will finalize the second three-year cycle of the FSDS (2013-2016), which will provide the basis for performance reporting beginning with the year end performance report for 2013–14.

Planning Highlights

AAFC will continue to conduct agri-environmental research to provide the scientific knowledge essential to characterize and quantify the effects of agricultural production on soil, water, air, and biodiversity. This knowledge is essential to develop *beneficial management practices* (BMPs) that will improve the agri-environmental performance of agriculture, and to advise policy makers, land resource specialists, extension specialists and producers on how to improve agricultural practices and enhance the sustainable management of agricultural resources. This program increases the understanding by the science community of the interactions and impact of agricultural practices on the environment.

AAFC will continue to use agri-environmental applications and measurements to develop and adapt technologies for sustainable agricultural practices on farms and larger agricultural landscapes across Canada. This program will use knowledge and information to improve the agri-environmental decision-making capacity of farmers, while also employing measurement and analyses to inform efforts aimed at demonstrating the environmental impacts of sustainable agriculture practices. This program will provide producers and related stakeholders with knowledge and expertise that support the sustainable use of agricultural land and water resources.

Program Description

1.2 On-Farm Action

AAFC supports farmers through direct on-farm programming that identifies environmental risks and opportunities and promotes the continuous growth of the stewardship ethic within the agriculture and agri-food industry. AAFC supports farmers through agri-environmental risk assessment and planning; providing expertise, information and incentives to increase the adoption of sustainable agriculture practices at the farm and landscape levels; investigating and developing new approaches that encourage and support the adoption of sustainable agriculture practices; and increasing the recognition of the value of sustainable agriculture practices. This program supports environmental stewardship and helps reduce the sector's overall impact on the environment. It contributes to a cleaner environment and healthier living conditions for Canadian people, and a more profitable agriculture sector.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
28.7	54.4	39.5	39.5

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives which was not finalized in time for inclusion in the 2013–14 Main Estimates. There is a decrease in planned spending in 2014–15 largely as a result of the AgriFlexibility program sunsetting in 2013–14.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
392	368	354

Program Expected Result	Performance Indicator	Target
Improved agri-environmental risk assessment and risk mitigation by agricultural producers	Percentage of farms in Canada taking action on their Environmental Farm Plan (EFP) Baseline established in 2006 based on the Farm Environmental Management Survey (FEMS) results indicating farms had implemented at least one best management practice = 90%	92% in total by March 31, 2014

Federal Sustainable Development Strategy (FSDS) Target Led by AAFC: Target 3.6: Fresh Water Quality

FSDS Goal	Performance Indicator	FSDS Target
Goal 3: Water Quality: Protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems	Water quality and soil quality agri-environmental performance indices (aggregates of 4 water quality and 6 soil quality indicators respectively)	Fresh Water Quality: Achieve a value between 81-100 on each of the Water Quality and Soil Quality Agri-Environmental Performance Indices by March 31, 2030

Note: In 2013–14 the Government will finalize the second three-year cycle of the FSDS (2013-2016), which will provide the basis for performance reporting beginning with the year-end performance report for 2013–14.

Planning Highlights

Collectively, initiatives and services under this program will contribute to the adoption of environmentally sound management practices and help the sector realize environmental and economic benefits. The environmental benefits extend beyond the farm operations, bringing about change for all Canadians and for ecosystems within and beyond the borders of Canada.

AAFC will continue to work with producers, the agricultural community and academia to help reduce farming's impact on global ecosystems and help producers become more sustainable. For example, through the five-year (2010 to 2015), $27 million Agricultural Greenhouse Gases Program, on-farm greenhouse gas mitigation technologies, research and beneficial management practices, will be made available to farmers.

AAFC is conducting an evaluation of the Community Pastures Program (www.agr.gc.ca/cpp) to fulfill a commitment outlined in its Five-Year Strategic Evaluation Plan (2013–14 to 2017–18) in accordance with Treasury Board Policy, Directives and Standards on Evaluation.

Additionally, AAFC is working with provinces and territories to support the industry through various initiatives that will be developed under the GF2 policy framework.

Strategic Outcome

Strategic Outcome 2: A competitive and market-oriented agriculture, agri-food and agri-based products sector that proactively manages risk

Canada's capacity to produce, process and distribute safe, healthy, high-quality and viable agriculture, agri-food and agri-based products is dependent on its ability to proactively manage and minimize risks and to expand domestic and global markets for the sector by meeting and exceeding consumer demands and expectations. Proactive risk management to ensure food safety, market development and responsiveness, and improved regulatory processes contribute directly to the economic stability and prosperity of Canadian farmers and provide greater security for the Canadian public regarding the sector.

Performance Indicator	Target
GDP in constant dollars (2002) of the agriculture and agri-food sector (includes seafood processing) Baseline 2009 GDP = $42.6 billion	$46.9 billion by December 31, 2017 Target represents 10% increase from 2009 GDP baseline

Programs

2.1 Business Risk Management

2.2 Food Safety and Biosecurity Risk Management Systems

2.3 Trade and Market Development

2.4 Regulatory Efficiency Facilitation

2.5 Farm Products Council of Canada

Program Description

2.1 Business Risk Management

AAFC has a comprehensive suite of BRM programs to better equip producers with the tools and capacity to manage business risks. This suite provides coverage for small income declines, margin-based support for larger income losses, a disaster relief framework for rapid assistance

to producers, and production insurance to protect farmers against production losses due to uncontrollable natural hazards. In addition, assistance to producers through the provision of financial guarantees facilitates the marketing of producers' products when market conditions and prices may be more favourable.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
1,291.0	1,331.5	1,330.4	1,334.4

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for support for statutory BRM programs, which was not finalized in time for inclusion in the 2013–14 Main Estimates.

Human Resources (Full-Time Equivalents--FTEs)

2013–14	2014–15	2015–16
415	387	387

Program Expected Result	Performance Indicator	Target
Producers' income losses are reduced	Current year producers' net market income (NMI) plus BRM payments compared to the previous five-year average NMI plus BRM payments for the sector Result reported in the 2011–12 DPR for 2009 was 139%	85% by March 31, 2014

Planning Highlights

Under GF2, governments have agreed to pursue a transformative shift away from reactive income support that impedes adaptation towards an increased investment in proactive and strategic programming that will further facilitate market-based profitability and long-term economic growth. Based on industry consultations, third-party assessments and recent internal evaluations, federal, provincial and territorial governments agreed that BRM programming under the new GF2 policy framework should be focussed on providing assistance in response to severe market volatility and disaster situations as follows:

- **AgriInvest** will help cover income declines and investments to improve farming operations and to mitigate risks;

- **AgriStability** will assist in cases of larger margin declines caused by circumstances such as low prices, rising input costs and production challenges;
- **AgriInsurance** will offer protection for production losses related to specific crops or commodities caused by drought, flooding, disease and other natural hazards; and
- **AgriRecovery** will help producers with costs associated with returning their farm businesses to operation following disaster situations.

In response to the new agricultural policy direction, GF2 includes key reforms to AgriStability and AgriInvest that will shift the responsibility from governments to producers to self-manage smaller losses.

Under AgriInvest, producers will be able to deposit up to 1% (instead of 1.5% as under the previous *Growing Forward* policy framework) of their allowable net sales (ANS) each year into an AgriInvest account and receive a matching government contribution. Although the limit on matching government contributions will be $15,000 a year, down from the $22,500, producers will be able to contribute up to 100% of their ANS annually and up to 400% of their ANS in total so that producers can better use AgriInvest savings as a risk management tool.

Under AgriStability, starting in the 2013 program year, governments will provide assistance once a participating producer's margin falls below 70% of that producer's historical reference margin. Under *Growing Forward*, producers received a payment once their margins fell below 85% of the reference margin. For 2013, producers payments will be based on the same level of government support (70%) regardless of the extent of margin loss, including negative margins. Under the previous policy framework, payments were based on a tiered system that provided different levels of government support depending on the degree of margins loss. As well, a producers reference margin will be limited to the lower of their historical reference margin or allowable expenses reported in previous years.

In developing GF2, both industry and governments stressed the importance of insurance and other private sector tools in the management of risk. As part of the GF2 Agreement, AAFC will support the research, development and implementation of private sector or industry-led insurance-based products and other agricultural risk management tools. Programming details will be finalized for implementation in 2013–14.

These changes will come into effect for producers' 2013 program year. Most of the processing of applications under the new rules will not occur until the 2014–15 fiscal year once producers have their financial results for the 2013 program year. The majority of the 2012 program applications will be processed in the 2013–14 fiscal year. Federal, provincial and territorial officials will however be engaging producers in 2013–14 to ensure that they understand the new program parameters.

AAFC and the provinces will continue to collaborate to collect, measure, analyze, and use performance information to evaluate programs with a view towards continuous improvement including a mid-term review of BRM programming under GF2. Governments have developed a

performance measurement framework that will allow a complete view of the *Growing Forward* BRM program performance to be reported in AAFC's 2013–14 Departmental Performance Report. The Department will also work on finalizing the performance framework for the new suite of BRM programs under GF2.

The BRM suite is complemented by two loan guarantee programs: the Advance Payments Program (APP) and the *Canadian Agricultural Loans Act* (CALA) program. The APP is a federal guaranteed loan program governed by the *Agricultural Marketing Programs Act* (AMPA) that provides producers with a cash advance on the value of their agricultural products during a specified period. The CALA program provides a guarantee on asset-based loans, giving farmers easier access to credit, to establish, improve and develop farms or to process, distribute and market products by farming cooperatives. An evaluation of CALA is under way and expected to be completed by October 2013. The results of this evaluation will serve to inform the legislative review of the CALA planned for 2014.

Program Description

2.2 Food Safety and Biosecurity Risk Management Systems

AAFC supports producers and organizations in the development and implementation of food safety, biosecurity and traceability risk management systems to prevent and control risks to the animal and plant resource base, thus strengthening the sector against widespread diseases and losses in domestic and foreign markets. The risk management systems are national, government-recognized on-farm and/or post-farm Hazard Analysis of Critical Control Points (HACCP) or HACCP-based food safety systems, National Biosecurity Systems and a National Agriculture and Food Traceability System. These systems also support emergency management to limit the spread of animal and plant diseases, thereby reducing economic, environmental and social impacts of a crisis. The National Animal and Plant Biosecurity Strategy provides overall policy direction, ensuring efforts are targeted at the highest possible biosecurity risks. Eligible recipients include national or regional non-profit organizations, producers and industry stakeholders.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
64.4	90.1	78.0	77.9

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives which was not finalized in time for inclusion in the 2013–14 Main Estimates. There is a decrease in planned spending in 2014–15 largely as a result of the AgriFlexibility program sunsetting in 2013–14.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
310	310	310

Program Expected Result	Performance Indicator	Target
Increased safety of the food systems	Percentage of producers participating in HACCP-based programs reporting adoption of food safety practices Baseline established in 2005 = 28%	45% by March 31, 2014

Planning Highlights

Food safety and plant and animal health remain key issues in ensuring industry competitiveness and domestic and international market access. GF2 will also focus on support for market-relevant assurance systems, helping Canadian producers secure markets and meet new and emerging buyer demands. Canadian industry must have the capacity to demonstrate that its products meet specific requirements and that these products have been produced using specific processes and have certain product characteristics.

This program enhances sector competitiveness through complementary assurance systems, standards and tools in response to consumer and market demands for assurance of food safety and other attributes. The program will strengthen industry's capacity to make credible, meaningful and verifiable assurance claims, thus providing a competitive advantage.

AAFC researchers will continue to advance knowledge to support new products, processes and practices that enhance food quality, secure and protect Canada's food supply system, and provide economic opportunities to the sector. The Department will also further the understanding of this country's bioresources, helping to conserve their genetic diversity, and enabling the sector to respond effectively to emerging agricultural threats, such as invasive species and diseases.

AAFC will also continue to help industry develop farm-level and service sector national biosecurity standards on-farm and post-farm food safety systems, including livestock traceability. Of special note, AAFC will work with governments and industry to develop the Canadian Agri-Traceability Services, a single, national livestock traceability data service. In addition, AAFC will help establish new surveillance systems for plant and animal diseases and standards systems for assuring quality attributes important to key markets. These systems will be supported through provincial and territorial programming. Also, AAFC will assist industry efforts in other market-related areas, such as the integration of assurance systems. This work will be undertaken

in collaboration with the Canadian Food Inspection Agency, which will focus on areas such as food safety recognition, biosecurity standards, and regulations for traceability. AAFC is conducting an evaluation of the assurance system to help inform future policy and program direction and as a commitment outlined in its Five-Year Strategic Evaluation Plan (2013–14 to 2017–18).

The Livestock Auction Traceability Initiative (www.agr.gc.ca/LATI) is providing up to $20 million until March 31, 2014, to update animal handling structures to enhance traceability at high-risk, high-throughput sites where animals from different herds co-mingle.

Program Description

2.3 Trade and Market Development

AAFC acts as Canada's agricultural trade advocate, working to break down trade barriers at home and abroad and expand opportunities for the agriculture, agri-food and agri-based products sector. AAFC assists the sector in identifying new domestic and global opportunities, markets and ways to enhance productivity, competitiveness and prosperity. AAFC also works to distinguish Canadian products under Brand Canada International and the Domestic Branding Strategy to expand and deepen the sector's strengths in the marketplace.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
155.4	181.1	140.1	131.7

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives which was not finalized in time for inclusion in the 2013–14 Main Estimates. There is a decrease in planned spending largely as a result of decreased requirements for the CWB Transition Costs program in 2014–15 and 2015–16 and the AgriFlexibility program sunsetting in 2013–14.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
414	386	386

Program Expected Result	Performance Indicator	Target
Increased agricultural sector market development and access	Growth in total exports of agriculture and agri-food Baseline in 2011 = $44.4 billion	$52.2 billion by December 31, 2017

Planning Highlights

AAFC will continue to help transform the strengths of Canada's agriculture, agri-food and agri-based sector into success in global markets. Exports are extremely important to the profitability of this country's agriculture and food sector. Increasing exports will lead to more jobs for Canadians, especially in processing and distribution. Thus, Canada has a fundamental interest in expanding market access opportunities and in strengthening international trade rules to achieve a more level playing field for its producers and processors.

AAFC will use branding, trade offices (three new trade commissioner positions in Ankara, Beijing and New Delhi will be established in 2013) and market information to increase export values in priority markets. For 2011, export values to developed countries were $32.7 billion on a 2009 baseline value of $27.95 billion, and export values to developing countries were $17.3 billion on a 2009 baseline value of $10.85 billion.

The Canada Brand Advocacy Initiative will continue, for one more year, to help build a stronger Canada Brand and increase demand for Canadian products in priority markets, with emphasis on Japan, Mexico and Germany. In Japan and Mexico, export values are higher than the 2008 baseline figures by $1 million and $100 million respectively.

Under GF2, funding will be available for industry to undertake domestic marketing activities and build on the success of the Department's efforts related to domestic branding.

Market information and export capacity building services seek to increase stakeholders' awareness of emerging trends in global markets. Stakeholder feedback via focus groups and surveys reveals a strong interest in competitor intelligence, market and retail prices and supply chain management. Similar instruments will be used to test the impact of these services.

AAFC's Market Access Secretariat (MAS) helps to resolve or advance Canadian trade issues and to re-open, expand and maintain markets for Canadian agriculture and agri-food products, thus creating new opportunities for the Canadian agricultural sector. The Secretariat is part of the Federal Market Access Team, which also includes the Canadian Food Inspection Agency and Foreign Affairs and International Trade Canada. In consultation with industry and provinces, and other members of the Federal Market Access Team, MAS works to address outstanding bilateral market access issues. Market access achievements are captured in the Annual Market Access Report (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1352240788033&lang=eng).

In support of the Government's ambitious trade agenda, AAFC will lead on the agricultural components of bilateral free trade negotiations as well as continue to engage at the World Trade Organization (WTO). The Department will advance Canada's agricultural interests by advocating for science-based trade rules that foster this country's competitiveness, create new export opportunities and protect supply-managed sectors. It will advocate the elimination of tariff and non-tariff barriers affecting agriculture products to ensure that more of Canada's agricultural trade is subject to trade agreements. Further, the Department will use, as appropriate,

dispute-settlement mechanisms of trade agreements (http://www.agr.gc.ca/itpd-dpci/ag-ac/ag-ac-eng.htm) to ensure compliance.

Technological advancements and the rise in non-tariff barriers to trade have resulted in an increasingly complex and challenging international marketplace. The Department will continue to advocate for science-based and transparent rules and regulations at the WTO, at the international standards-setting bodies, and at multilateral and bilateral meetings. Science-based approaches are key if trade liberalization is to contribute to economic growth and opportunity, while helping to address problems such as food insecurity. In addition, the Department will lead on developing an international approach and domestic policy on the acceptance of low level presence of genetically-modified crops to mitigate the risk for Canadian exporters and to acknowledge the realities of the global marketplace.

There are 11 Value Chain Roundtables (http://www.ats-sea.agr.gc.ca/rt-tr/index-eng.htm) that provide a unique opportunity to develop and implement supply chain solutions. These Roundtables are supported by an AAFC secretariat that will continue to play an important role in achieving progress on sectoral goals by engaging appropriate industry and government partners, identifying common cross-sector priorities, and helping industry stakeholders to effectively and collectively build capacity and leadership.

Under the AgriMarketing, the International Pork Marketing, and the Canadian Cattlemen's Legacy Fund programs, AAFC will continue to support market development activities to enhance the sectors' competitiveness by connecting Canadian agri-businesses to international markets. In this respect, the program provides funds to national producer, processor and exporter associations, along with affiliated small- and medium-sized enterprises, to implement their long-term international market-development strategies. AAFC will conduct evaluations of its International Marketing Programs, Trade Negotiations and Market Access, and Sector Competitiveness for 2013–14 in accordance with its Five-Year Strategic Evaluation Plan (2013–14 to 2017–18).

Program Description

2.4 Regulatory Efficiency Facilitation

This program involves collaborating with industry and regulatory agencies to address domestic regulatory-related gaps and issues that impede competitiveness. It helps facilitate industry-responsive regulatory modernization, and assists sector stakeholders to work within existing regulatory infrastructures and adapt to new approaches to regulation. These objectives are achieved through three areas of activity: 1) Pest Management: Pesticides Minor Use Program*, 2) Pest Management: Pesticides Risk Reduction Program, and 3) Facilitating Industry Adaptation to Regulatory Modernization.

* A minor use of a pesticide is defined as a necessary use of a pesticide for which the anticipated sales volume is not sufficient to persuade a manufacturer to register and sell the product in Canada.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
16.9	16.9	16.6	16.6

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
62	62	62

Program Expected Result	Performance Indicators	Targets
Agriculture, agri-food and agri-based products sector is able to adapt to a changing regulatory environment	Percentage of producers of horticultural and specialty crops that feel AAFC has assisted in addressing crop protection needs Baseline = 60% based on discussions with growers and grower groups at the Minor Use Priority Setting Workshop, at the start of *Growing Forward* (2008-09)	60% over the period April 1, 2013 to March 31, 2018
	Number of new ingredients and product attributes in the marketplace Baseline for *Growing Forward* programming (2008-2013) = 6	10 over the period April 1, 2013 to March 31, 2018

Planning Highlights

AAFC will continue to help Canada's agriculture and agri-food sector adapt to a changing regulatory environment. The Department's efforts in this regard will contribute to expanded market opportunities, and will provide improved consumer choice, while maintaining sustainability, health and safety.

Under GF2 and its AgriCompetitiveness initiative (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1359338007173&lang=eng), AAFC will collaborate with industry and regulatory agencies to help the Canadian agriculture and agri-food sector maintain and enhance its competitive advantage while adapting to a changing domestic regulatory environment. While building on activities under the *Growing Forward* Agricultural Regulatory Action Plan, there will be additional emphasis on helping the sector adapt to new policies, approaches, procedures,

and requirements being introduced as governments work to modernize regulations. In addition, there will be a focus on the international harmonization of pesticide approvals and prevention of technology gaps. Priority areas under AgriCompetitiveness include minor use pesticides, pesticides risk reduction and industry adaptation to regulatory modernization.

Jointly delivered by AAFC and Health Canada, the Minor Use Pesticides program will continue to improve grower access to new minor uses of pesticides. Pesticide residue, efficacy and crop-tolerance studies will provide regulatory data to Health Canada on new minor uses of pesticide products. In addition, collaborative work with the U.S. will result in joint pesticide submissions to the regulatory agencies and the simultaneous availability of new pesticide minor uses in both countries. The increased availability of new minor uses of pesticides prevents trade barriers with countries where these products are already available. This program will result in new minor uses of pesticides being made available to growers.

Under the Pesticide Risk Reduction program, AAFC will continue to develop technologies, tools (including biopesticides), and techniques aimed at reducing the risk to the environment and human health posed by pesticide use. Collaboration with Health Canada will assist with targeting reduced-risk alternatives to pesticides whose registrations are being phased out due to toxicity. This program will result in reduced-risk tools and approaches being made available to growers.

Program Description

2.5 Farm Products Council of Canada

Established under the *Farm Products Agencies Act* (the Act), the Farm Products Council of Canada (FPCC) is a unique public interest oversight body that reports to Parliament through the Minister of Agriculture and Agri-Food (the Minister). The Act provides for the creation of national marketing agencies, which are not subject to the *Competition Act*, as well as promotion-research agencies. The FPCC supervises these agencies, and works with them to ensure that the supply management system for poultry and eggs and promotion-research activities for beef cattle work in the balanced interest of all stakeholders, from producers to consumers, and can evolve to respond to current and future challenges. The FPCC also provides advice and recommendations to the Minister, collaborates with provincial supervisory boards and actively works with the Department and Agriculture and Agri-Food Portfolio organizations.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
2.7	2.7	2.5	2.5

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
24	23	23

Program Expected Results	Performance Indicators	Targets
The domestic market share of Canadian producers of chicken, eggs, hatching eggs and turkey is stable or increasing	Domestic market share of Canadian producers of chicken, eggs, hatching eggs and turkey Baseline March 2012 = Chicken 85.4%, Eggs 94%, Hatching Eggs 82.4%, Turkey 94.9%	80% by March 31, 2014
Consumer prices for chicken, eggs and turkey are more stable than those of other animal protein and consistent with those of other food prices	Relative consumer price variations for chicken, eggs and turkey are consistent with those of food prices Baseline March 2012 = Chicken 4.2%, Eggs 9.8%, Turkey 1.8%, and All foods 4.6%	Consumer price variations for chicken, eggs and turkey are within plus or minus 10 percentage points of that of other agricultural products by March 31, 2014
	Relative consumer price variations for chicken, eggs and turkey are smaller than those of other animal protein Baseline March 2012 = Chicken 4.2%, Eggs 9.8%, Turkey 1.8%, Pork 10.7%, and Beef 8.3%	Consumer price variations for chicken, eggs and turkey are smaller than those of other animal protein by March 31, 2014

Planning Highlights

The FPCC (www.fpcc-cpac.gc.ca/) will continue to work with and supervise Canada Beef Inc., Canadian Hatching Egg Producers, Chicken Farmers of Canada, Egg Farmers of Canada, and Turkey Farmers of Canada. In implementing its 2012–15 Strategic Plan, the Council will help ensure that the supply management and promotion-research systems have the flexibility needed to respond to current and future challenges and that they are managed in a manner which can withstand public scrutiny. To do so, the FPCC will continue to foster a better understanding of the roles and responsibilities of the partners within the systems as well as support the establishment of promotion-research agencies by sharing information and examining proposals for new agencies by industry groups. The FPCC will also strive to improve its working relationships with its partners through increased coordination with provincial supervisory boards and improved communications.

Strategic Outcome

Strategic Outcome 3: An innovative agriculture, agri-food and agri-based products sector

Sector innovation includes the development and commercialization of value-added agricultural-based products, knowledge-based production systems, processes and technologies, and equipping the sector with improved business and management skills and strategies to capture opportunities and to manage change. Such innovation is vital for ongoing growth and improvement in the productivity, profitability, competitiveness, and sustainability of Canada's agriculture, agri-food and agri-based products' sector and its rural communities.

Performance Indicators	Targets
Total Research and Development (R&D) expenditures by business enterprises in food manufacturing Baseline in 2009 = $157 million	$172.7 million by March 31, 2014
Increase in the development of food and other agriculture derived products and services as measured by revenues from bioproducts Baseline in 2006 for bioproduct revenue = $1.758 billion	$1.934 billion by March 31, 2014 (target represents a 10% increase)

Programs

3.1 Science, Innovation and Adoption

3.2 Agri-Business Development

3.3 Rural and Co-operatives Development

3.4 Canadian Pari-Mutuel Agency

Program Description

3.1 Science, Innovation and Adoption

AAFC contributes to the competitiveness of the agriculture, agri-food and agri-based products sector by supporting innovation designed to improve profitability in new and existing products, services, processes and markets. Coordinated and informed decision-making is supported with strategic foresight, research and information sharing that contribute to integrated planning engaging industry, government and academia. Collaborative action is promoted to accelerate the flow of science and technology along the innovation continuum in support of industry

defined strategies for future success. Farmers, agri-entrepreneurs and agri-based small-, medium- and large-sized enterprises are supported in their efforts to adopt new technologies and commercialize new products and services. Pathfinding and transformational research help to define future opportunities and prepare the sector for emerging opportunities and challenges.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
300.1	325.8	272.5	272.5

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives which was not finalized in time for inclusion in the 2013–14 Main Estimates. There is a decrease in planned spending in 2014–15 largely as a result of savings identified in the Budget 2012 Spending Review such as administration and operational efficiencies as well as realigning programming to enable resources to focus on highest priorities. Additional decreases in 2014–15 are largely due to the AgriFlexibility program sunsetting in 2013–14.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
1,488	1,391	1,391

Program Expected Result	Performance Indicator	Target
Agriculture and agri-food sector that utilizes science to improve or transform commodities into new value-added products	Increase in Agriculture Net value-added ("value-added" is a Statistics Canada measure of Canadian value-added gross domestic product) Baseline of Agriculture net value-added in 2010 = $11.0 billion	$12.3 billion by March 31, 2018

Federal Sustainable Development Strategy (FSDS) Target Led by AAFC: Target 3.6: Fresh Water Quality

FSDS Goal	Performance Indicator	FSDS Target
Goal 3: Water Quality: Protect and enhance the quality of water so that it is clean, safe and secure for all Canadians and supports healthy ecosystems	Water quality and soil quality agri-environmental performance indices (aggregates of 4 water quality and 6 soil quality indicators respectively)	Fresh Water Quality: Achieve a value between 81-100 on each of the Water Quality and Soil Quality Agri-Environmental Performance Indices by March 31, 2030

Note: In 2013–14 the Government will finalize the second three-year cycle of the FSDS (2013-2016), which will provide the basis for performance reporting beginning with the year end performance report for 2013–14.

Planning Highlights

AAFC will continue to improve sector competitiveness and sustainability through new knowledge in food safety and security, and integrated production systems. These efforts will lead to products, processes and practices that enhance economic benefits for all stakeholders. AAFC will also support a more sustainable agriculture industry by furthering the understanding of Canadian bioresources, and protecting and conserving genetic diversity. This will enable the sector to respond more effectively and decisively to emerging threats such as invasive alien species and disease.

In 2013–14, AAFC will develop a long-term strategic policy perspective on innovation for competitiveness and profitability, that is aligned to industry needs and reflects GF2. This new, long-term direction will emphasize mechanisms and initiatives for coordinated action among federal, provincial and territorial governments, industry and academia, and increased private sector leadership and investment in innovation.

Under GF2's AgriInnovation program, AAFC will support research and development activities leading to innovative products, technologies, processes, practices, and services. AgriInnovation harmonizes under a single integrated program all three stages of the innovation continuum: (1) knowledge creation; (2) knowledge transfer and pre-commercialization; and (3) commercialization and adoption.

More specifically, AAFC will:

- support *knowledge creation* to address key challenges and opportunities facing the sector. Scientific knowledge will be transformed into innovative agricultural products, processes and practices to improve competitiveness, profitability and sustainability, and to help industry seize emerging opportunities to enhance human health and wellness;
- encourage industry leadership and investment in *knowledge transfer and pre-commercialization* to accelerate the pace of innovation; and
- support industry in *commercialization and adoption* to increase sectoral competitiveness across the value chain, and to help realize returns on investments in research and development.

Adaptation programming will continue to support industry-led approaches and solutions that assist farmers, the processing sector and the value chain as a whole, providing opportunities for collaborative solutions to common issues. AAFC will conduct an evaluation of innovation and adaptation programming, which includes Research, Development and Knowledge Transfer and the Canadian Agricultural Adaptation, in accordance with its Five-Year Strategic Evaluation Plan (2013–14 to 2017–18).

Program Description

3.2 Agri-Business Development

This program builds awareness of the benefits and encourages the use of sound business management practices, while also enabling businesses in the sector to be profitable and invest where needed to manage the natural resource base sustainably and to market and produce safe food and other products. The Agri-Business Development program funds provincial and territorial activities related to business management practices and skills that: strengthen the capacity of businesses in the sector to assess the financial implications of business improvements, including the impact of environmental plans, food safety systems and innovation projects on their business profitability; manage transformation, respond to change and adopt innovation in business operations; help agri-business owners understand their financial situation, implement effective action and business management plans/practices and provide for enhanced participation by young or new entrants, First Nations clients, and clients in specific sub-sectors in transition.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
14.4	117.3	114.6	114.6

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives which was not finalized in time for inclusion in the 2013–14 Main Estimates.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
31	28	28

Program Expected Result	Performance Indicator	Target
Increased realization of business goals	Percentage of participating businesses in Agri-Business Development program activities meeting their business/career goals Baseline established in 2012 = 55%, based on methodology using the previous surveys: The National Renewal Survey was conducted in 2004, 2007, and 2011 The Client Impact Survey was conducted in 2007, 2009 and 2012 The Farm Financial Survey was conducted in 2011 The Farm Management Canada Survey was conducted in 2011–12 The Agricultural Management Institute (AMI) in Ontario survey was conducted in 2011 and 2012	55% by March 31, 2018

Planning Highlights

Agri-business development initiatives contribute to an innovative agriculture, agri-food and agri-based products sector. This, in turn, strengthens Canadian economic growth, while improving stewardship and food safety, and expanding the availability of agri-based products for Canadians. As a result of these initiatives, sector participants will be in a better position to manage change, resulting in increased profits, sustainability and competitiveness.

AAFC will work with provinces and territories to support the industry through various initiatives that will be developed under GF2. The development process will heed findings from an AAFC evaluation of renewal funding provided to national organizations that confirmed these organizations are useful vehicles for exchanging information, sharing best practices, promoting on-farm health and safety, and engaging new and young farmers.

In accordance with the *Farm Debt Mediation Act*, AAFC will continue to provide its Farm Debt Mediation Service (www.agr.gc.ca/FDMS) to insolvent farmers and their creditors to help them arrive at a mutually satisfactory arrangement. A 2011 review of the operations of the Act shows that 79% of mediated cases resulted in a signed arrangement. An evaluation of the FDMS is scheduled to be completed by 2013–14 in accordance to the requirements of the Treasury Board Policy on Evaluation and to fulfill a commitment outlined in its Five-Year Strategic Evaluation Plan (2013–14 to 2017–18).

AAFC will also continue to contribute to the Career Focus Program (CFP) to create approximately 80 agricultural internships annually across the country for recent graduates from an agriculture-related program in a university, college, Collège d'enseignement général et professionnel (CEGEP) or from a provincial program focusing on biological, agricultural and veterinary science or applied technology. The CFP enables the next generation of young farmers and agriculture-related entrepreneurs to gain practical agriculture career-oriented work experience and acquire skills through mentoring and coaching. For additional information, visit www.agr.gc.ca/careerfocus.

Program Description

3.3 Rural and Co-operatives Development

Rural and Co-operatives Development advances the development of rural communities and of co-operatives by providing advice to government on policies and programs affecting rural communities and co-operatives.

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
4.1	4.1	2.3	2.3

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
13	13	13

Program Expected Result	Performance Indicator	Target
Policy and research collaborations developed in relation to the innovation capacity and competitiveness of rural communities and co-operatives	Number of collaborative research or policy initiatives initiated and maintained Baseline 2012–13 = 3	4 by March 31, 2014

Planning Highlights

As part of the Department's consolidation and transformation efforts, a restructured Rural and Co-operatives Secretariat will focus in 2013–14 on policy and research and will have a smaller regional presence. These changes reflect the original objectives and scope of the Secretariat.

Program Description

3.4 Canadian Pari-Mutuel Agency

Section 204 of the Criminal Code of Canada designates the Minister of Agriculture and Agri-Food as the individual responsible for the policy and regulatory functions pertaining to pari-mutuel wagering on horse races. The Canadian Pari-Mutuel Agency (CPMA) is a special operating agency within Agriculture and Agri-Food Canada that regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada, with the objective of ensuring that pari-mutuel betting is conducted in a way that is fair to the betting public. Costs associated with the activities of the CPMA are recovered through a levy on every dollar bet in Canada on horse races. The levy is currently set at eight-tenths of a cent of every dollar bet. CPMA's strategic plans are focused on regulating and supervising pari-mutuel wagering on horse races in the most modern, effective and transparent manner.

Financial Resources ($ millions – net)

	Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
Gross	9.4	9.4	9.9	9.6
Less: Respendable Revenue	9.8	9.8	9.9	9.5
Net	(0.4)	(0.4)	(0.1)	0.1

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
44	44	44

Program Expected Result	Performance Indicator	Target
Pari-mutuel betting is conducted in a way that is fair to the Canadian betting public	Percentage of compliance with the Pari-Mutuel Betting Supervision Regulations of Canadian racetracks and betting theatres inspected by CPMA officers Baseline March 2012 = 100%	100% by March 31, 2014

Planning Highlights

To achieve the expected result, CPMA will approve and inspect pari-mutuel betting activities conducted at racetracks and betting theatres across Canada to ensure continued compliance with the *Pari-Mutuel Betting Supervision Regulations* (the Regulations) and policies. The Agency will continue to provide equine drug control programs at racetracks to help ensure race outcomes are not influenced by the inappropriate administration of drugs or medications to race horses.

CPMA will have a new pari-mutuel monitoring system implemented in 2013–14. It will more efficiently use limited Agency resources while enabling CPMA to deliver on its mandate of ensuring the integrity of the horse racing betting system.

The federal levy on pari-mutuel betting is expected to support a CPMA operating budget of approximately $9.8 million dollars for the 2013–14 fiscal year.

Program Description

4.1 Internal Services

Internal Services are groups of related activities and resources that are administered to support all Strategic Outcomes and the needs of programs and other corporate obligations of the Department. Only those activities and resources that apply across the Department, and not those provided specifically to a program, are included. Internal Services consists of the following groups of activities:

- Governance and Management Support, which include: Management and Oversight Services (Strategic Policy, Audit and Evaluation, Service and Program Excellence Directorate, Strategic Management, etc.); Communications Services; and Legal Services;
- Resource Management Services, which include: Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; and Other Administrative Services; and
- Asset Management Services, which include: Real Property Services; Materiel Services; and Acquisition Services.

AAFC is a participant in the *Federal Sustainable Development Strategy* (FSDS) and contributes to the Greening Government Operations (GGO) targets through the internal services program. The Department contributes to the following target areas of Theme IV of the FSDS: green buildings, greenhouse gas emissions, green procurement, e-waste, printer management, paper consumption and green meetings.

For additional details on the Department's GGO activities, visit AAFC Online (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1358439293849&lang=eng).

Financial Resources ($ millions – net)

Total Budgetary Expenditures (Main Estimates) 2013–14	Planned Spending 2013–14	Planned Spending 2014–15	Planned Spending 2015–16
279.5	292.1	262.0	262.1

Planned spending for 2013–14 is higher than the Main Estimates for the same period primarily due to additional funding expected to be received during the year for GF2 provincial and territorial cost-shared initiatives as well as support for statutory BRM programs, which were not finalized in time for inclusion in the 2013–14 Main Estimates. There is a decrease in planned spending in 2014–15 largely as a result of savings identified in the Budget 2012 Spending Review such as administration and operational efficiencies as well as realigning programming to enable resources to focus on highest priorities.

Human Resources (Full-Time Equivalents—FTEs)

2013–14	2014–15	2015–16
1,914	1,851	1,851

Planning Highlights

Internal Services	Planning Highlights
The Investment Plan	AAFC is developing its second five-year Investment Plan (IP) spanning from 2013 to 2018 to comply with Treasury Board's policies on Investment Planning and the Management of Projects. This second plan, while providing a comprehensive view of the Department's investments, will highlight IP results over the past three years and emphasize the linking of governance and performance to Strategic Outcomes going forward. Correspondingly, the *Policy on the Management of Projects* assesses both the risk of the project and the Department's capacity to manage and deliver on the projects. To effectively support and advance AAFC's capacity, the Department is maturing its project management framework to strengthen its rigour and discipline associated with managing projects. This includes an integrated department-level approach for consistent practices in governance, training, project monitoring, and reporting.
Human Resources (HR) Management	Sustained fiscal restraint and ongoing change and transformation require effective workforce planning to ensure that AAFC has the people and the skills to deliver on priorities and Strategic Outcomes. As part of its integrated planning process, the Department's HR plan will outline key HR goals and strategies. Key priority areas include: • improving and simplifying the process for performance management and learning plans to achieve a flexible and productive workforce aligned with the departmental priorities; • identifying future workforce requirements and developing strategies to renew the workforce and promote knowledge transfer and succession planning; • continuing emphasis on training and development opportunities for employees, including AAFC's Management and Leadership Development Program, to help strengthen core management capacity; and • fostering employee engagement through effective people management and change management practices in support of a positive workplace.

Internal Services	Planning Highlights
Communications Services	Beginning in 2012–13 and carrying on through 2013–14, AAFC communications will focus on GF2, providing information to producers and industry on programs and services that support the strategic initiatives of innovation, competitiveness and market development, as well as BRM. In addition, AAFC communications will support the Department's efforts to transform its program design, administration and service delivery and to reinforce with Canadians the contribution of agriculture and food processing to economic growth and prosperity.
Programs and Service Management	In support of the Government's direction, under the *Policy on Transfer Payments* to reduce administrative burden, AAFC will continue to improve how Grants and Contributions programs are delivered to Canadians. To achieve these goals, the Department is streamlining program delivery. For additional information, please see the "Continue transformation of programs, services and operations in a period of restraint and renew the workforce to meet the challenges of the future" organizational priority in Section I of this report. Service innovation is being further enhanced by reducing the number of toll-free lines, thus creating a seamless and consistent experience for clients looking for information on programs and services. Single window access, *My AAFC Account*, will empower self-service and choice for clients. The benefits of the service improvement initiative will be measured using service standards, client satisfaction surveys and other feedback technology accessible to stakeholders.

Section III: Supplementary Information

Financial Highlights

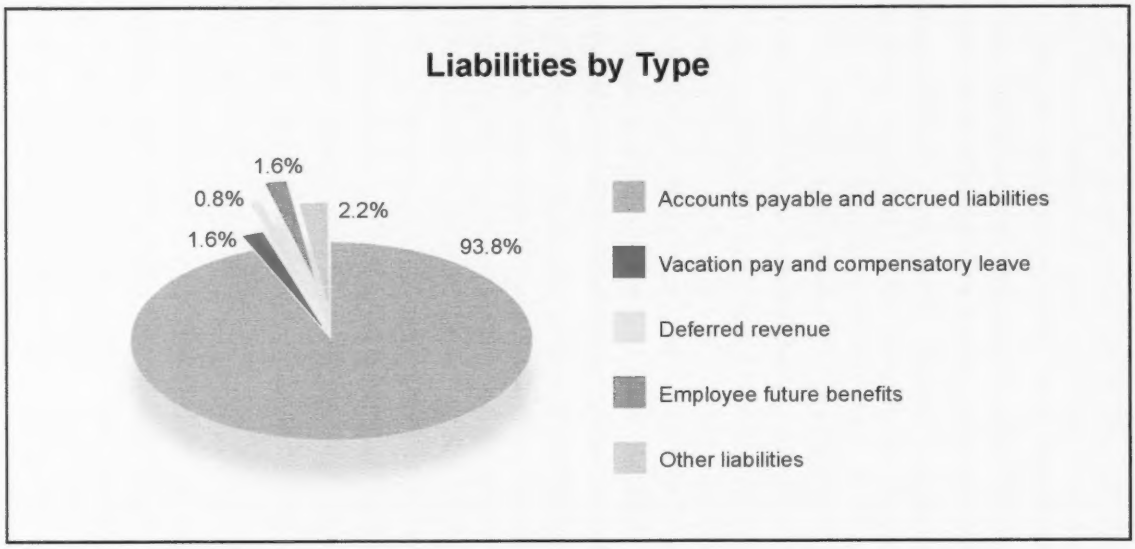
Future-oriented financial statements provide forecast information on assets and liabilities, revenues, and expenses, prepared on an accrual accounting basis to strengthen accountability and improve transparency and financial management. The financial highlights presented in this section are intended to serve as a general overview of AAFC's operations reported in the Department's Future-Oriented Financial Statements, which can be found on AAFC Online (www.agr.gc.ca/FinancialStatements).

Since future-oriented financial statements are prepared on an accrual accounting basis, there are differences between the figures below and the planned spending amounts presented in other sections of the RPP, which reflect the cash accounting basis used to recognize transactions affecting parliamentary appropriations. The differences are related to such items as provisions for loan guarantees, repayable contributions, non-respendable revenues, services without charge received from other government departments, amortization, and severance and vacation pay liability adjustments. For more information, refer to Note 5 in the full 2013–14 Future-Oriented Financial Statements found on the Department's website.

Future-Oriented Condensed Statement of Financial Position (Unaudited) For the Year (ending March 31) ($ millions)			
	$ Change	**Planned Results 2013–14**	**Estimated Results 2012–13**
Total net liabilities	(158)	1,732	1,890
Total net financial assets	(93)	1,626	1,719
Departmental net debt	(65)	106	171
Total non-financial assets	(8)	371	379
Departmental net financial position	57	265	208
Future-Oriented Condensed Statement of Operations and Departmental Net Financial Position (Unaudited) For the Year (ending March 31) ($ millions)			
	$ Change	**Planned Results 2013–14**	**Estimated Results 2012–13**
Total expenses	(126)	2,526	2,652
Total revenues	(0)	64	64
Net cost of operations before government funding and transfers	(126)	2,462	2,588
Departmental net financial position	57	265	208

Liabilities

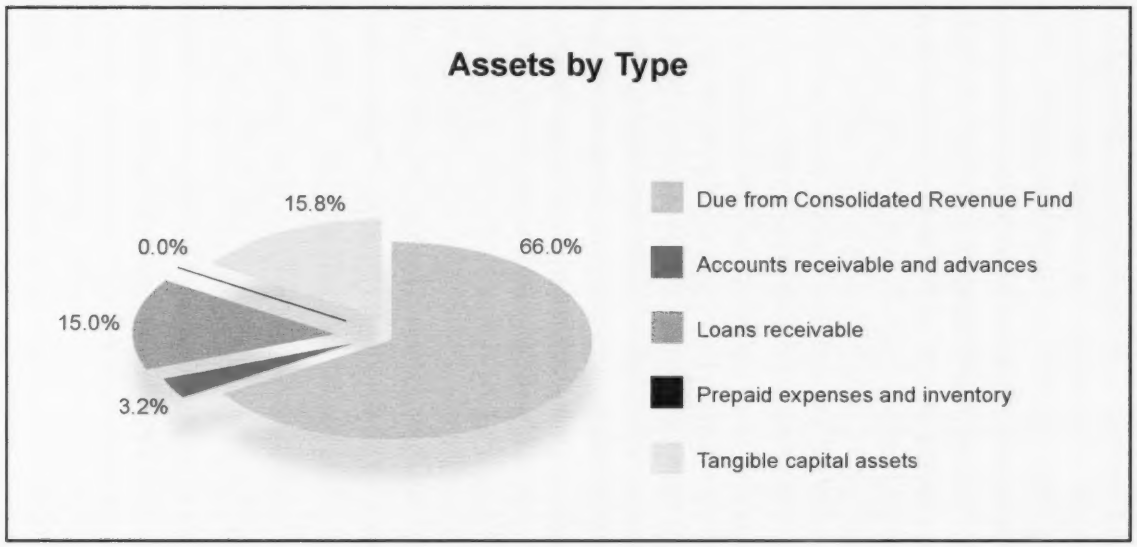
Liabilities arising from departmental activities consist primarily of accounts payable and accrued liabilities, the majority of which are related to accruals in support of programs such as AgriStability and AgriInvest.



Total liabilities are projected to be $1.7 billion at the end of 2013-2014. The majority of the liabilities are related to accounts payable and accrued liabilities (93.8% or $1.6 billion). The remaining balance of the liabilities is made up of vacation pay and compensatory leave (1.6% or $30 million), deferred revenue (0.8% or $13.5 million), employee future benefits (1.6% or $27 million) and other liabilities (2.2% or $37.3 million).

Assets

The majority of assets held by the Department for use in its activities are Tangible Capital Assets which primarily support the research activities of the Department that will contribute to the strengthening of innovation capacity within the sector.



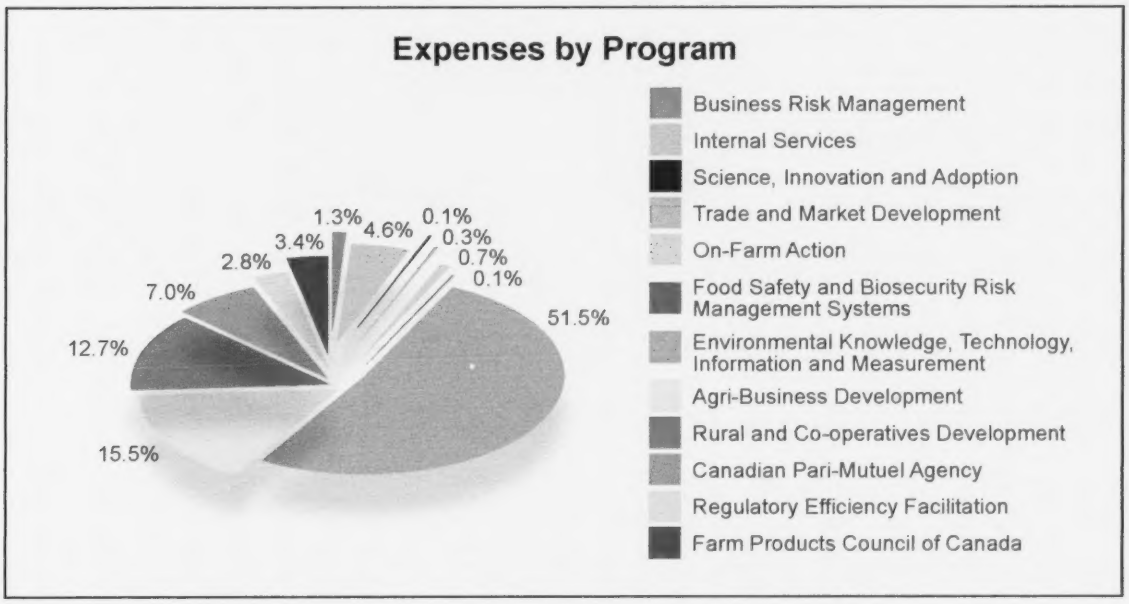
Note: Financial assets held on behalf of government are included in this chart.

Total gross financial assets are projected to be $1,979 million at the end of 2013–14 which are presented net of financial assets held on behalf of government, consisting primarily of loans receivable ($352.2 million), for a net financial assets balance of $1,626.1 million.

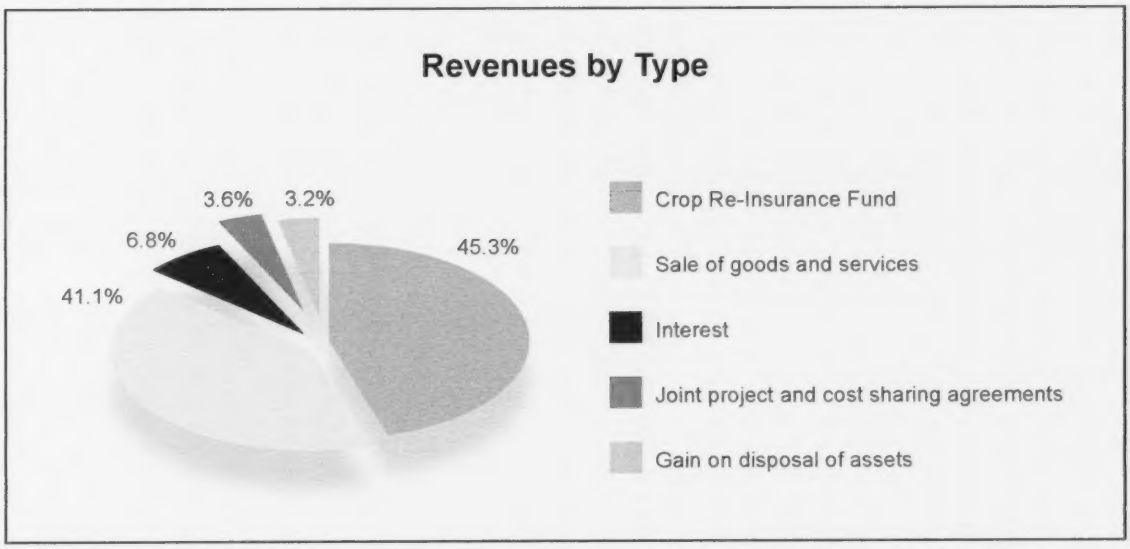
The majority of the net financial assets are related to the Due from Consolidated Revenue Fund ($1.5 billion). The total non financial assets are projected to be $371.6 million which consists of prepaid expenses and inventory ($0.3 million) and tangible capital assets ($371.3 million).

Expenses and Revenues

Expenses incurred and revenues earned, which support AAFC's programs and services that benefit Canadians, are detailed in the following charts.



Total expenses are projected to be $2.5 billion in fiscal year 2013–14. The majority of these expenses are in the form of transfer payments in the BRM sector (51.5% or $1.3 billion) and are related to departmental programs discussed in Section II of this report.



Note: Revenues earned on behalf of government are included in this chart.

Total revenues are projected to be $171.4 million for fiscal year 2013–14. The majority of these revenues are for Crop Re-insurance premiums (45.3% or $77.5 million). Other revenues were comprised of $70.4 million in the sale of goods and services (41.1%), followed by $11.7 million in Interest (6.8%). These revenues are presented net of revenues earned on behalf of government ($107.6 million) in the departmental future-oriented financial statements.

List of Supplementary Information Tables

All electronic supplementary information tables listed in the 2013–14 Report on Plans and Priorities can be found on AAFC's website (http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1360279926085&lang=eng#s3).

- Details on Transfer Payment Programs
- Greening Government Operations
- Horizontal Initiatives
- Sources of Respendable and Non-Respendable Revenue
- Status Report on Transformational and Major Crown Projects
- Summary of Capital Spending by Program
- Up-Front Multi-Year Funding
- Upcoming Internal Audits and Evaluations over the next three fiscal years
- User Fees

Tax Expenditures and Evaluations Report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals, and credits. The Department of Finance publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations* publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication (http://www.fin.gc.ca/purl/taxexp-eng.asp) are the sole responsibility of the Minister of Finance.

Section IV: Other Items of Interest

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Endnote

i. Future-Oriented Financial Statements, http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1281467902385&lang=eng